

CITY OF MIAMI BEACH

CITY HALL 1700 CONVENTION CENTER DRIVE MIAMI BEACH, FLORIDA 33139
www.miamibeachfl.gov



COMMISSION MEMORANDUM

To: Mayor David Dermer and
Members of the City Commission

Date: October 19, 2005

From: Jorge M. Gonzalez
City Manager

Subject: **REPORT OF THE SPECIAL FINANCE AND CITYWIDE PROJECTS
COMMITTEE MEETING OF SEPTEMBER 14, 2005.**

A special meeting of the Finance and Citywide Projects Commission Committee (Committee) was held on September 14, 2005 at 2:32 p.m. in the City Manager's Large Conference Room.

NEW BUSINESS:

1. Discussion regarding the Impasse with the Communication Workers of America (CWA) Bargaining Unit.

ACTION

Wages Issue:

The Committee recommended that the City provide CWA employees the following Cost-of-Living Allowances (COLA) for the proposed labor agreement term:

- Year One = 0% Increase
- Year Two = 3% Increase + 3% Increase
- Year Three = 3.5% Increase

The Committee recommended that the Year One COLA increase be provided together with the Year Two COLA increase for a total retroactive salary increase in Year Two of six percent.

Health Insurance Issue:

The CWA stated that they have abandoned their current request for the creation of a Health Insurance Trust.

The CWA further stated that they would agree to the City's proposed language for insurance, which included the flexible health insurance options currently offered to other classified and unclassified employees for the duration of the proposed labor agreement.

Agenda Item C6E
Date 10-19-05

Pension Issue:

The Committee directed the Administration to bring back to a Special Finance and Citywide Projects Committee Meeting, on October 6, 2005 at 12:00 p.m., a discussion regarding the outstanding pension issues in an effort to create a fair system for the five civilian Classified and Unclassified Retirement Systems, including a cost analysis of different possible scenarios which may include:

- **The pension systems for the Classified and Unclassified employees being combined (resulting in one Pension Board);**
- **Retirement for Tier B employees is offered at age 55, instead of 60;**
- **Employees vesting time reduced from the current 10 years;**
- **Consider allowing 401A employees a one time non-revocable window to merge into the defined benefit pension system;**
- **No drop-plan would be offered, however the City was considering other options;**
- **A cap on overtime eligible for pension be created (for Tier A);**
- **Consider making the retiree COLA more uniform for both pension plans, as requested by the Unclassified group;**
- **A study of a reduction of contributions for Tier B employees; i.e. if Tier A contributes 10% of their annual salary for a maximum 90% pension; Tier B could contribute 8% for an 80% pension;**
- **Option for a two-year buy back;**
- **Future retiree health contributions be set at a fixed dollar amount; and,**
- **Final pension be calculated on highest two years average salary.**

The Committee instructed the Administration to forward a copy of the cost analysis to the CWA and meet with representatives from the Union before the October 6, 2005 Special Committee meeting.

Chairman Jose Smith introduced and summarized the item. Chairman Smith stated that both parties, the CWA and the Administration, would be given an opportunity to make a presentation to the Committee.

CWA's presentation:

Representing the CWA Bargaining Unit, Mr. Robert A. Sugarman, from the firm of Sugarman & Susskind, gave a presentation to the Committee.

Mr. Sugarman stated that the CWA is proposing that the following recommendations be endorsed:

- **Wages Issue: the City provide CWA employees retroactive COLA increases in accordance with what other City employees have received during the same duration of time:**
 - Year One = 3% Increase
 - Year Two = 3% Increase
 - Year Three = 3.5% Increase

- **Health Insurance Issue:** the City continues to provide the current health insurance benefits/options available to CWA employees for the remainder of the proposed labor agreement. The CWA will abandon their current request for the creation of a Health Insurance Trust.
- **Pension Issue:** the CWA withdrew the "Olive Branch Proposal" as presented at the August 1, 2005 Commission Impasse meeting. The CWA made a new pension proposal, which was more expensive than the "Olive Branch Proposal" and more closely resembled the Special Masters recommendation.

Mr. Jerry Buechler, a firefighter from the City of Miami Beach and representing Health Insurance Services, Inc., addressed the Committee and spoke about the benefits the City could achieve by partially self-funding and self-insuring itself.

Mr. Sugarman stated that the CWA will not continue to pursue the creation of a Health Insurance Trust at this time, as additional studies would be needed to demonstrate the benefits of such a trust, and they had no evidence at this time which could prove or disprove any additional costs to the City when the CWA pulled out of the current plan and formed it's own plan.

Mr. Lawrence E. Jessup Jr., Economic Consultant for the CWA, addressed the Committee and spoke about the historical COLA increases received by all City employees over the past decade.

The Committee discussed the economic effect of retroactively paying the COLA increases to CWA employees.

Mr. Sugarman gave a historical comparison of pension benefits received by CWA employees compared to other groups of employees, and a comparison of City of Miami Beach Pension and Social Security contributions compared to other local government municipalities and counties.

Mr. Gonzalez pointed out that although the CWA presented a proposal showing the cost was 19.04% of payroll, in actuality, the 19.04% was based on the covered payroll of the total General Employees Pension System, not the cost of the CWA covered payroll. If you were to calculate the cost of the CWA proposal based on the CWA covered payroll, the actual cost is 24%.

Mr. Richard McKinnon, CWA Local 3178 President, gave a PowerPoint presentation to the Committee.

Mr. Steve Palmquist, from the firm of GRS & Co., Actuary for the Classified and Unclassified City of Miami Beach Pension Boards, defined commonly used pension terms, as well as described how figures presented by the CWA were compiled.

Administration's presentation:

City Manager Jorge M. Gonzalez gave a presentation to the Committee.

Mr. Gonzalez stated that the Administration, as instructed at the August 1, 2005 Special City Commission Meeting, has prepared figures related to the issues of wages, pension, and health insurance. He added that what the CWA has proposed today is different and more expensive than what the union proposed at the August 1, 2005 meeting. He further

stated that the CWA initially took the position that the Special Magistrate's recommendation should be accepted in its entirety and now the Union is saying that the Magistrate has erred in his recommendation.

Health Issue

Mr. Gonzalez added that the CWA has stated that it will not pursue the creation of a Health Insurance Trust and wishes to keep the current health insurance options available to their members. He further added that the Administration wishes to offer/extend to the CWA members the City health language presented at the August 1, 2005 Commission meeting, which includes the flexible health plans available to classified and unclassified employees.

Commissioner Saul Gross stated that he favors the idea of building flexibility into the health system and offering employees more options for their health insurance needs.

Mr. McKinnon stated that the Union does not want to give up its right to collectively bargain health insurance benefits.

Chairman Smith asked why the CWA is against accepting the more flexible insurance currently available to other non CWA employees.

Mr. Sugarman stated that health insurance benefits, by state statute, are subject to collective bargaining not imposition, and the Union does not want to waive its right to collectively bargain such benefits.

Commissioner Simon Cruz stated that the health insurance proposal presented by the Administration offers the CWA employees greater options and more flexibility.

The Committee discussed the current and potential health options available to CWA employees.

Mr. McKinnon stated that the CWA would accept the City's proposal language for health insurance which included the flexible health insurance options currently offered to other Classified and Unclassified employees for the duration of the proposed labor agreement.

Wages Issue

Mr. Gonzalez presented a salary comparison of City of Miami Beach CWA employee wages compared to Tri-County League of Cities wage averages to demonstrate that CWA employees are well compensated. He stated that the CWA has always maintained and agreed that they are amongst the highest paid employees in their classifications.

Mr. Gonzalez stated that the City has budgeted COLA increases to CWA employees for Fiscal Year 2004/05 and 2005/06; however he believes that the City should not pay these increases retroactively because it sends a message that the City rewards collective bargaining units for holding out and that this type of bargaining is acceptable. He added that the City's proposal is for 0% COLA for Year One, a 1.5% lump sum (not to affect pension or salary ranges) plus a 3% retroactive COLA for Year Two, and a 3.5% COLA for Year Three.

Mr. Sugarman stated that the CWA should not be punished for trying to reach an agreement.

Vice-Chairman Richard L. Steinberg stated that he believes the Union should not be penalized for negotiating in good faith. Chairman Smith agreed with Vice-Chairman Steinberg.

Commissioner Cruz stated that while he doesn't approve of the pro-longed negotiating tactics displayed by the Union, the CWA should be compensated with the same COLA increases received by other employees and that this amount should be paid retroactively.

Vice-Mayor Matti H. Bower stated that she did not mind the COLA being pensionable, but wanted it in the second year, (no increase in the first year.)

Vice-Chairman Steinberg recommended the following COLA increases for the CWA

- Year One = 0% Increase
- Year Two = 3% Increase + 3% Increase
- Year Three = 3.5% Increase

Vice-Chairman Steinberg also stated that as we are in year two of the pending agreement, the Year One COLA increase should be provided together with the Year Two COLA increase for a total retroactive salary increase in Year Two of six percent.

Pension Issue

Mr. Gonzalez stated that, as directed by the City Commission, he has met with Mr. Palmquist and reviewed different actuarial scenarios in an effort to holistically bring about a fair pension system for all City employees.

Mr. Gonzalez stated that, within the City and within the CWA bargaining unit, employees have different agendas when it comes to pension. He added that the five retirement plans have despairingly different benefits.

Mr. Gonzalez discussed possible options for creating a retirement system with similar benefits for all Classified and Unclassified employees. He stated that some of the options include:

- The combining of pension systems for the Classified and Unclassified employees (resulting in one Pension Board);
- Retirement for Tier B employees is offered at age 55, instead of 60;
- Employees are vested after five years of service;
- Consider options for the 401A employees to have a one time non-revocable window to merge into the defined benefit pension system;
- Although a drop-plan was not being considered, the City was looking at additional options;
- A cap on overtime eligible for pension be created (for Tier A);
- Making the retiree COLA more uniform for both pension plans, as requested by the Unclassified group;
- A study of a reduction of contributions for Tier B employees; i.e. if Tier A contributes 10% of their annual salary for a maximum 90% pension; Tier B could contribute 8% for an 80% pension;
- Option for a two-year buy back;

- Future retiree health contributions are set at a fixed dollar amount; and,
- Final pension be calculated on highest two years average salary.

The Committee discussed the impacts of amending the five retirement systems. The Committee directed the Administration to bring back to a Special Finance and Citywide Projects Committee Meeting, on October 6, 2005 at 12:00 p.m., a discussion regarding the outstanding pension issues in an effort to create a fair system for the five Classified and Unclassified Retirement Systems, including a cost analysis of different scenarios.

The Committee instructed the Administration to forward a copy of the cost analysis to the CWA and meet with representatives from the Union before the October 6, 2005 Special Committee meeting.

Handout or Reference Materials

1. Document titled: "Why the City of Miami Beach Should Partially Self-Fund and Self-Insure", submitted by Mr. Jerry Buechler, from Health Insurance Services, Inc.
2. Document titled: "History of Across-the-Board Increases CWA, FOP, IAFF, & AFSCME", submitted by CWA Local 3178
3. City of Miami Beach Commission Agenda Item R7B, 03/17/2004, submitted by CWA Local 3178
4. City of Miami Beach Commission Agenda Item R7C, 03/17/2004, submitted by CWA Local 3178
5. City of Miami Beach Commission Agenda Item R5C, 05/05/2004, submitted by CWA Local 3178
6. Document titled: "Comparison of pre-7/1/76 Benefits", submitted by CWA Local 3178
7. Document titled: "City of Miami Beach Retirement Systems", submitted by the Administration
8. Document titled: "CWA/Tri-County League of Cities Salary Comparison", submitted by the Administration
9. Letters from health insurance companies, submitted by the Administration
10. Document titled: "Public Employer Pension Comparison", submitted by the Administration
11. Sign-In Sheet for September 14, 2005 Special Finance and Citywide Projects Committee Meeting

JMG/PDW/mm

T:\AGENDA\2005\October 19, 2005\CONSENT\FCWP 09-14-05 Report

WHY THE CITY OF MIAMI BEACH SHOULD PARTIALLY SELF-FUND AND SELF-INSURE:

- According to the Kaiser Family Foundation Health Research and Education Trust, larger firms (1,000 or more workers) had a prevalence of self-funding exceeding 78% in 2005.
- Regional entities of similar size to the City of Miami Beach who self-insure are Dade County Firefighters, Monroe County School Board, Cities of Miramar and Delray Beach, and the Palm Beach County Firefighters to name just a few. Their main reasons for self-insuring are cost savings, flexibility, and better service.
- Self-funding can help meet the specific needs of employees. In contrast to off-the-shelf plans, partial self-funding gives you the flexibility to custom design a plan and modify it as needed. Examples: A nationwide provider network to serve the needs of retirees, the convenience and cost efficiency of virtual heart and colonoscopy scans, corrective laser surgery for vision, job site health screenings/physicals/weight loss programs, 100% coverage at CareIQ diagnostic centers and IMCS urgent care centers with weekend and evening hours, additional premium tiers, a Medical Advocate Program to direct members to the best quality and cost options for specialists, diagnostic, and invasive procedures.
- The final word in the settlement of claims disputes is made by the employer and union trustees.
- Prescription drug coverage which is a "profit center" for insurance carriers can profit the plan instead by securing drug rebates, retiree drug subsidies, deeper AWP discounts, and participation with a 340B program
- Fully insured carriers pass on via premium increases costs such as the states 2% premium tax, a 1.5% commission to Gallagher Benefit Services, state mandated small group coverage which loses money, litigation, showcase buildings, advertising, multi-million dollar CEO salaries, and the pressure to profit and meet stockholder expectations.
- 15%-25% of premiums go to administration and profit in a fully insured plan versus an average of 5-8% in a self insured plan.
- The money saved can be conservatively invested and made available to fund future premium increases.
- The employer/union trustees can determine what level of risk they want to cover and risk above that level can be contracted out to stop loss insurers. Specific stop loss protects the plan against individual catastrophic claims.

Following this page is information on a Third Party Administrator (TPA) called CoreSource and their access to the Aetna Network and the estimated 58.4% saving they can provide on Florida claims.

Following that is information on the Medical Advocate Program and examples of huge cost differentials that exist for the same procedure at different facilities.

Jonny Bruehler
305-510-4927



[Visitors](#) [Brokers & Consultants](#) [Employers](#) [Participants](#) [Providers](#)

Overview of CoreSource

- 25 years of experience delivering health benefits administration
- Nationally known benefits administrator
- Manage healthcare for over 2.5 million people across the U.S.
- Service over 1,500 clients
- Employ over 1,600 dedicated professionals
- Exceptional access to leading provider networks throughout the U.S.
- Custom, client-focused healthcare management solutions designed to deliver appropriate care at the right cost
- Proactive service of a local partner backed by the financial strength and resources of a national corporation

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Florida Firefighters Insurance Trust Fund

(1) AVERAGE NETWORK DISCOUNTS:									
	# of Ees	(3) # with Access	IP Hosp (34% of claims)	OP Hosp (29% of claims)	Physician (37% of claims)	Recommended Network	Average Discount	(3) With CS Edge	
ARIZONA	1	1	61.9%	42.1%	45.2%	Actua	50.0%	57.0%	
COLORADO	1	0	30.8%	20.3%	36.3%	Actua	29.8%	36.8%	
CONNECTICUT	1	1	35.2%	36.7%	39.0%	Actua	37.0%	44.0%	
FLORIDA	758	727	48.6%	52.5%	52.3%	Actua	51.4%	58.4%	
GEORGIA	8	8	40.8%	39.3%	40.5%	Actua	40.3%	47.3%	
KENTUCKY	1	1	31.3%	27.3%	32.7%	Actua	30.7%	37.7%	
(4) MARYLAND	1	1	N/A	N/A	39.7%	Actua	14.7%	21.7%	
MICHIGAN	1	1	25.8%	18.2%	31.1%	Actua	25.6%	32.6%	
MONTANA	2	1	11.7%	11.2%	28.0%	Actua	17.6%	24.6%	
NEVADA	1	1	34.7%	34.5%	34.7%	Actua	34.6%	41.6%	
NEW YORK	1	1	35.1%	32.1%	42.7%	Actua	37.0%	44.0%	
NORTH CAROLINA	8	4	24.4%	21.2%	34.9%	Actua	27.4%	34.4%	
SOUTH CAROLINA	3	2	29.7%	22.6%	34.3%	Actua	29.3%	36.3%	
TENNESSEE	1	1	34.0%	28.2%	40.3%	Actua	34.6%	41.6%	
TEXAS	1	1	40.1%	33.7%	36.7%	Actua	37.0%	44.0%	
WISCONSIN	1	1	15.8%	12.0%	23.3%	Actua	17.5%	24.5%	
Totals	790	752							
Percentage of Employees with Access		95.2%							

(1) Latest published discount data. The percentages depicted are general average discounts. Negotiated rates may vary among geographic areas within each state and among individual providers. It does not constitute a guarantee that any participating provider(s) will provide the specific discounts shown above.

(2) Number with Access indicates the number of employees that meet the requested parameters in all the provider groups. Additional employees may have access to providers.

(3) CoreSource Edge includes savings on Out of Network claims using the Multiplan Network wrap and NCN claim negotiations.

(4) In the state of Maryland hospitals are non-competitive by regulation

PLEASE NOTE: THE PARAMETERS GIVEN FOR THE GEO ACCESS REPORTS ARE NOT APPROPRIATE FOR RURAL AREAS AND THEREFORE THE ACCESS MAY APPEAR TO BE LESS WHEN IN FACT IT MAY BE ADEQUATE FOR THE ZIP CODE AREA.

What does the Medical Advocate Program do for Employers/Employees?

- 1. Who helps the employee and dependents navigate the medical healthcare system?**
 - *What we do:* Help subscribers/dependents understand the delivery system and steps to take to receive the best care available.
- 2. Who is going to educate the employees and make them better purchasers of healthcare?**
 - *What we do:* Provide subscribers/dependents information & questions they need to understand from their provider(s).
- 3. Who can lead the employees to the best physicians and medical facilities in the area?**
 - *What we do:* We identify which provider(s) of care are best to help the subscriber/dependent.
- 4. Who will answer the employees' medical questions; discuss a logical plan of treatment and present alternatives?**
 - *What we do:* Provide subscriber/dependents answers to their medical questions and concerns and how to plan ahead for their recovery.
- 5. How can an employer know that it is getting the best care for his employees for all of the money spent?**
 - *What we do:* Provide the subscriber/dependent an estimate of the value (cost and quality) for their treatment.
- 6. Who will know if an episode of care for an employee is out of control, overpriced and/or inefficient? Then, who is going to do something about it?**
 - *What we do:* We determine if the providers' level of services are appropriate and comparable to other provider payments.
- 7. Who is going to be there when an employee gets hit with unfair charges over Usual and Customary?**
 - *What we do:* We make sure the subscriber/dependent pays an appropriate amount for services whether in-network or out-of-network.

2004 Commercial Lithotripsy -by Facility

Charges in So. Florida

The best priced provider does more cases than the 7 ↑ priced providers at less than 30% of their average cost

Facility	Cases	Actual
	102	\$7,685
	22	\$9,336
	88	\$9,393
	90	\$9,399
	51	\$9,785
	136	\$10,312
	35	\$11,211
	27	\$12,167
	73	\$12,186
	23	\$12,452
	52	\$12,755
	27	\$12,896
	24	\$13,026
	26	\$13,170
	20	\$13,674

Facility	Cases	Actual	average cost
	55	\$13,975	
	83	\$14,351	
	37	\$14,473	
	83	\$15,676	
	87	\$16,260	
	50	\$17,770	
	166	\$19,034	
	19	\$19,851	
	30	\$20,915	
	24	\$21,491	
	45	\$26,299	
	30	\$30,095	
	80	\$32,293	
	80	\$39,512	

QOC 2004, 4th Quarter 2004, 3rd Quarter 2004, 2nd Quarter 2004, 1st Quarter; Facility: County - Broward County, FL; Miami-Dade County, FL; Palm Beach County, FL; DRG: 107 Coronary Bypass W/O Cardiac Cath

Facility	Cases	Volume		Averages (compared to State, DRG)				Indices		
		Days	Charges	Actual	Expected	Actual	Expected	CMI	LOS	Charges
	50	466	3,973,064	9.72	10.45	79,461	116,445	4.51	0.93	0.68
	342	3,695	30,861,633	10.80	10.44	90,239	116,676	4.52	1.03	0.77
	153	1,853	16,248,193	12.11	10.45	106,197	116,456	4.51	1.18	0.91
	106	969	12,797,394	9.14	10.48	120,730	115,132	4.49	0.87	1.05
	106	1,393	12,888,796	13.14	10.47	121,592	115,289	4.49	1.25	1.05
	181	1,797	21,269,008	11.16	10.44	132,106	116,942	4.53	1.07	1.13
	234	2,335	31,242,576	9.98	10.45	133,515	116,292	4.51	0.95	1.15
	265	3,052	37,171,806	11.52	10.44	140,270	116,713	4.52	1.10	1.20
	46	563	6,513,365	12.24	10.47	141,595	115,224	4.48	1.17	1.23
	9	75	1,295,076	8.33	10.36	143,887	120,765	4.62	0.80	1.18
	100	1,295	14,860,202	12.35	10.44	148,802	116,879	4.53	1.18	1.27
	118	1,432	17,854,522	12.14	10.45	151,310	116,543	4.53	1.16	1.30
	79	823	12,195,529	11.66	10.43	154,374	117,038	4.54	1.12	1.32
	191	2,025	32,948,406	10.60	10.44	172,505	118,587	4.52	1.02	1.48
	61	837	10,799,185	13.72	10.47	177,038	115,286	4.49	1.31	1.54
	112	1,522	20,223,931	13.59	10.48	180,571	115,197	4.49	1.30	1.57
	276	2,943	53,553,645	10.66	10.44	194,036	116,683	4.52	1.02	1.86
	137	1,537	27,105,587	11.22	10.43	197,851	117,106	4.54	1.08	1.89
Report Total	2,546	28,672	363,821,720	11.26	10.45	142,889	118,442	4.52	1.08	1.23

The 2 most expensive facilities
for a Coronary Bypass
are over \$100,000 more expensive
than the 2 best priced facilities

2004 Colonoscopy "45378" -by Facility

Charges in So. Florida Counties

Facility	Cases	Charge	Facility	Cases	Charge	Facility	Cases	Charge
	732	\$681		643	\$1,684		666	\$2,650
	303	\$922		374	\$1,690		838	\$2,842
	863	\$953		1390	\$1,698		343	\$2,921
	3408	\$978		712	\$1,755		489	\$2,940
	3720	\$1,138		1258	\$1,858		375	\$2,945
	1011	\$1,195		319	\$1,907		297	\$2,953
	1514	\$1,216		678	\$1,920		279	\$3,169
	2429	\$1,408		610	\$1,921		400	\$3,279
	1458	\$1,442		228	\$2,050		1014	\$3,353
	450	\$1,473		576	\$2,151		264	\$3,373
	609	\$1,499		620	\$2,165		659	\$3,413
	1436	\$1,499		1682	\$2,168		250	\$3,682
	865	\$1,523		334	\$2,297		771	\$3,999
	840	\$1,546		294	\$2,455		633	\$4,079
	868	\$1,583		603	\$2,544		286	\$4,396
	1252	\$1,583		1460	\$2,587		277	\$4,440
	1558	\$1,637		304	\$2,597		393	\$5,334
	403	\$1,667					239	\$5,676

**City of Miami Beach
CWA Local 3178**

2

**History of Across-the-Board Increases
CWA, FOP, IAFF, & AFSCME**

FY	CWA	FOP	IAFF	AFSCME
1995	6.00%	6.00%	6.00%	6.00%
1996	5.00%	5.00%	5.00%	5.00%
1997	5.00%	5.00%	5.00%	5.00%
1998	3.00%	3.00%	3.00%	3.00%
1999	3.00%	3.00%	3.00%	3.00%
2000	3.00%	3.00%	3.00%	3.00%
2001	4.00%	4.00%	4.00%	4.00%
2002	4.00%	4.00%	4.00%	4.00%
2003	4.00%	4.00%	4.00%	4.00%
	CWA			
2004	3.00%	3.00%	3.00%	3.00%
2005	3.00%	3.00%	3.00%	3.00%
2006	3.50%	3.50%	3.50%	3.50%

Prepared by Lawrence E. Jessup Jr., Economic Consultant

**CITY OF MIAMI BEACH
COMMISSION ITEM SUMMARY**

 **3**

Condensed Title:

A Resolution to ratify the three (3) year labor agreement between the City of Miami Beach and the International Association of Firefighters (IAFF).

Issue:


Shall the City of Miami Beach ratify the three (3) year labor agreement between the City of Miami Beach and the International Association of Firefighters (IAFF)?

Item Summary/Recommendation:

Adopt the Resolution. This Resolution will provide IAFF Employees with an across the board cost-of-living increase of 3% starting October 5, 2003, 3% starting October 4, 2004, and 3.5% starting October 9, 2005, and will include the same increases to the minimum and maximum of the salary ranges. There will be an addition of 100 vacation hours that can be accrued, and paid out at the time of termination. There will be a provision to provide holiday pay to those employees whose day off or "R" day falls on a holiday. Additionally, the new contract will provide a Union time bank of 1600 hours per year to work toward early grievance resolution, and allow all employees to receive an additional 2.5% should they receive State Fire Instructor or State Fire Prevention Certification. Beginning in Year 3, there will be a .75% increase to Paramedic pay, and an additional .75% at the end of Year 3.

Advisory Board Recommendation:

Financial Information:

Source of Funds:	Amount		Account	Approved
	Year 1 cost	Total contract cost (3 Year)		
	1	\$399,132	\$1,304,251	COLA - Fire Department
	2	\$215,956	\$703,898	Holiday Pay - Fire Department
	3		\$82,944	Paramedic Pay - Fire Department
	4	\$18,862	\$61,323	Increase annual leave cap - Fire Department
	5	\$55,500	\$180,900	Union time bank - Fire Department
	6	\$28,271	\$222,480	State Fire Instructor and Prevention Certification - Fire Department
Finance Dept.	Total	\$717,721	\$2,555,796	

City Clerk's Office Legislative Tracking:

Linda Gonzalez

Sign-Offs:

Department Director	Assistant City Manager	City Manager
		

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AGENDA ITEM R7B
DATE 3-17-0

CITY OF MIAMI BEACH

CITY HALL 1700 CONVENTION CENTER DRIVE MIAMI BEACH, FLORIDA 33139
www.miamibeach.fl.gov



COMMISSION MEMORANDUM

To: Mayor David Dermer and
Members of the City Commission

Date: March 17, 2004

From: Jorge M. Gonzalez
City Manager

Subject: **A RESOLUTION OF THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA TO RATIFY A THREE YEAR LABOR AGREEMENT BETWEEN THE CITY OF MIAMI BEACH AND THE INTERNATIONAL ASSOCIATION OF FIREFIGHTERS, FOR THE PERIOD FROM OCTOBER 1, 2003 THROUGH SEPTEMBER 30, 2006, AND AUTHORIZE THE MAYOR AND CITY CLERK TO EXECUTE THE AGREEMENT.**

ADMINISTRATION RECOMMENDATION:

Adopt the Resolution.

BACKGROUND:

On September 29, 2003, the City of Miami Beach and the International Association of Firefighters (IAFF) held the first negotiation session to collectively bargain a new contract. The Administration received direction from the City Commission on the proposals made by both sides through an Executive Session held on December 9, 2003. The Administration's goals in completing the new contract included: ensuring fiscal responsibility; maintaining the ability to recruit the most qualified firefighters in our workforce; retaining our current firefighters by remaining at the top or near the top in every pay and benefit category and having a contract that is considered equitable by both the Administration and the IAFF.

To ensure our goals were met, the Administration met with the Budget Advisory Committee (BAC) on January 6, 2004 and discussed the budget as it related to the contract proposals and fiscal responsibility going forward. The City also conducted a detailed salary and benefits survey of six (6) surrounding municipalities which provided a benchmark for negotiations and confirmed that the IAFF contract was already one of the best available before the negotiation process started. Four (4) municipalities responded to the salary portion of the survey and the City of Miami Beach ranked number one for the maximum base pay, (including longevity pay), for the classifications of Firefighter I, Firefighter II, Captain and Lieutenant. The City of Miami Beach ranked number one in a comparison of the overall benefits available to firefighters. In addition, there have been zero (0) firefighters who left the City for another employer over the past three years.

**COMMISSION MEMORANDUM
MARCH 17, 2004 COMMISSION MEETING
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On January 26, 2004, after three negotiation sessions, negotiators for the City of Miami Beach and the International Association of Firefighters (IAFF) successfully concluded negotiations for a three year collective bargaining agreement.

The Union membership has reviewed the proposed Agreement and voted to ratify it as presented.

While negotiators for the City and the Union were obliged to represent the best interest of their respective "clients," the shared goal was to produce an Agreement that was equitable as to competitive compensation and working conditions. The following is a summary of the most significant changes from the previous Agreement.

Wages

The term of the Agreement will extend for three (3) years from October 1, 2003 through September 30, 2006. Effective with the first full payroll period that begins on or after October 5, 2003 bargaining unit employees will receive a three percent (3%) salary increase. In addition, effective with the first full payroll period that begins on or after October 4, 2004 bargaining unit employees will receive a three percent (3%) salary increase. Finally, effective with the first full payroll period that begins on or after October 9, 2005 bargaining unit employees will receive a three and one half percent (3.5%) salary increase. The minimum and maximum of the salary range will be adjusted accordingly each year of the contract. (The contract cost for COLA is \$1,304,251.)

Currently, if a holiday falls on a day off or "R" day, the employee receives no holiday pay. This contract affords the employee holiday pay at straight time which can be used as an alternate holiday, or banked as "comp" time, to be taken within one year, which is similar with other municipalities. (The contract cost for holiday pay is \$703,898.)

Effective with the start of the third year of the contract, paramedic incentive pay, currently paid at seven percent (7%), will be increased to seven and three quarter's percent (7.75%), and to eight and one half percent (8.5%) at the end of year three of the contract. (The contract cost for paramedic incentive pay is \$82,944.)

Currently there is a restriction on the employees that will be paid any incentive for obtaining their State Fire Inspector and State Instructor certifications. This contract will allow the two and one half (2.5%) incentive to be paid to all IAFF members who obtain the certification allowing more employees to respond to Fire Code Violations and training needs of the Department. (The contract cost for Inspector and Instructor certification is \$222,480.)

The IAFF will be allowed to utilize a time bank of fifteen hundred hours per year for Union business and early grievance resolution. (The contract cost for the time bank is \$180,900.)

Based on current active employees, the estimated cost for the wage increase is approximately \$717,721 for Fiscal Year 2003/2004; approximately \$787,096 for Fiscal Year 2004/2005; and approximately \$1,050,979 for Fiscal Year 2005/2006.

Other Economic and Contractual Agreements

1. Amend the formula used for calculating the City's contribution to the Health Trust

The amount paid to the Health Trust, (Trust) will now be based on the Trust's actual claims experience, and not based on the City's Preferred Provider Organization (PPO) plan. Although the City's PPO plan increase had no correlation to the Trust's increase, the City is contractually bound by it. This contribution method ensures that the IAFF Health Trust will be kept financially secure, while allowing the City contributions to reflect their actual premiums. Based on the experience over the past three years of the current contract, the new formula represents a savings of approximately \$520,000 for the new contract period.

2. Election of Remedies

The parties agreed that the grievance/arbitration process set forth in the Agreement and the use of a Special Master shall be the methods available for resolving all grievances filed by the bargaining unit. The Personnel Board will no longer have jurisdiction to hear any grievances or appeals filed by IAFF members.

3. Re-Openers

Effective January 1, 2006, the City reserves the right to re-open the article on Uniform cleaning allowance, and explore the possibility of providing a cleaning service in an effort to reduce costs to the City. The Union reserves the right to re-open and resume discussion regarding the Deferred Retirement Option Plan (DROP). The IAFF also reserves the right to a "me-too" with the Fraternal Order of Police (FOP).

4. Buyback of Probationary Time

The parties have agreed to extend the buyback of probationary time up until the time of retirement with three percent (3%) interest per year. Prior to this agreement, employees had to utilize the buyback within six months of completing their probationary period.

5. Vacation Cap

There will be an addition of 100 vacation hours that can be accrued and can be paid out at time of termination.

COMMISSION MEMORANDUM
MARCH 17, 2004 COMMISSION MEETING
PAGE- 4 -

CONCLUSION:

The negotiated contract ensures that the City will meet its goals of continuing fiscal responsibility, hiring and retention of the best firefighters, maintaining the best pay and benefits available, while providing for an equitable contract for both the City and the IAFF members. The Administration recommends that the Mayor and City Commission adopt the Resolution to implement the collective bargaining adjustments negotiated between the City of Miami Beach and International Association of Firefighters (IAFF) for the period covering October 1, 2003 through September 30, 2006.

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**CITY OF MIAMI BEACH
COMMISSION ITEM SUMMARY**



4

Condensed Title:

A Resolution to ratify the three (3) year labor agreement between the City of Miami Beach and the Fraternal Order of Police (FOP).

Issue:


Shall the City of Miami Beach ratify the three (3) year labor agreement between the City of Miami Beach and the Fraternal Order of Police?

Item Summary/Recommendation:

Adopt the Resolution. This Resolution will provide FOP Employees with an across the board cost-of-living increase of 3% starting October 5, 2003, 3% starting October 4, 2004, and 3.6% starting October 9, 2005, and will include the same increases to the minimum and maximum of the salary ranges. There will be an addition of 100 vacation hours that can be accrued, and paid out at the time of termination. Additionally, starting in Year 2, there will be increases to the hourly shift differential of .13/hour for shift 2, and .23/hour for shift 3. An increase of 1 hour for the first court time appearance, (from 3 to 4 hours). In Year 3, there will be a Quality of Life Certification equivalent to .75% of payroll, or \$14.40/pay period, and if the program is deemed successful by the City Manager, to \$28.80/pay period at the end of Year 3.

Advisory Board Recommendation:

Financial Information:

Source of Funds:	Amount		Account	Approved
	Year 1 cost	Total contract cost (3 year)		
	1	\$613,005	\$2,608,658	COLA - Police Department
	2		\$108,466	Shift Differential - Police Department
	3		\$257,291	Court time - Police Department
	4		\$191,414	Quality of Life Certification - Police Department
	5	\$737	\$2,366	Increase annual leave cap - Police Department
	Total	\$614,642	\$2,483,635	

City Clerk's Office Legislative Tracking:

Linda Gonzalez

Sign-Offs:

Department Director	Assistant City Manager	City Manager
		

MADE PUBLIC BY THE CITY OF MIAMI BEACH

AGENDA ITEM R7C
DATE 3-17-04

CITY OF MIAMI BEACH

CITY HALL 1700 CONVENTION CENTER DRIVE MIAMI BEACH, FLORIDA 33139
www.miamibeachfl.gov



COMMISSION MEMORANDUM

To: Mayor David Derner and
Members of the City Commission

Date: March 17, 2004

From: Jorge M. Gonzalez
City Manager

Subject: **A RESOLUTION OF THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA TO RATIFY A THREE YEAR LABOR AGREEMENT BETWEEN THE CITY OF MIAMI BEACH AND THE FRATERNAL ORDER OF POLICE, FOR THE PERIOD FROM OCTOBER 1, 2003 THROUGH SEPTEMBER 30, 2006, AND AUTHORIZE THE MAYOR AND CITY CLERK TO EXECUTE THE AGREEMENT.**

ADMINISTRATION RECOMMENDATION:

Adopt the Resolution.

BACKGROUND:

On September 26, 2003, the City of Miami Beach and the Fraternal Order of Police (FOP) held the first negotiation session to collectively bargain a new contract. The Administration received direction from the City Commission on the proposals made by both sides through an Executive Session held on December 9, 2003. The Administration's goals in completing the new contract included: ensuring fiscal responsibility; maintaining the ability to recruit the most qualified officers in our workforce; retaining our current officers by remaining at the top or near the top in every pay and benefit category and having a contract that is considered equitable by both the Administration and the FOP.

To ensure our goals were met, the Administration met with the Budget Advisory Committee (BAC) on January 6, 2004 and discussed the budget as it related to the contract proposals and fiscal responsibility going forward. The City also conducted a detailed salary and benefits survey of thirteen (13) surrounding municipalities which provided a benchmark for negotiations and confirmed that the FOP contract was already one of the best available before the negotiation process started. The City of Miami Beach ranked in the top three for the minimum and maximum base pay, (with leave and longevity pay), for the classifications of Police Officer, Sergeant, and Lieutenant. The City of Miami Beach ranked number one in a comparison of the overall benefits available to officers. In addition, the City confirmed an extremely low turnover rate of only three officers who had left the City for another employer within the State of Florida over the past three years.

COMMISSION MEMORANDUM
MARCH 17, 2004 COMMISSION MEETING
PAGE 2 -

On January 29, 2004, after four negotiation sessions, negotiators for the City of Miami Beach and the Fraternal Order of Police (FOP) successfully concluded negotiations for a three year collective bargaining agreement.

The FOP membership reviewed the proposed Agreement on March 3, 2004, and ratified the contract with a vote of one hundred fifty-three (153) in favor and one hundred twenty-seven (127) opposed.

While negotiators for the City and the Union were obliged to represent the best interest of their respective "clients," the shared goal was to produce an Agreement that was equitable as to competitive compensation and working conditions. The following is a summary of the most significant changes from the previous Agreement.

Wages

The term of the Agreement will extend for three (3) years from October 1, 2003 through September 30, 2006. Effective with the first full payroll period that begins on or after October 5, 2003 bargaining unit employees will receive a three percent (3%) salary increase. In addition, effective with the first full payroll period that begins on or after October 4, 2004 bargaining unit employees will receive a three percent (3%) salary increase. Finally, effective with the first full payroll period that begins on or after October 9, 2005 bargaining unit employees will receive a three and one half percent (3.5%) salary increase. The minimum and maximum of the salary range will be adjusted accordingly each year of the contract. (The contract cost for COLA is \$2,006,068.)

Effective with the start of the second year of this agreement, the shift differential for hours worked between 3:00 p.m. and 11:00 p.m. will increase from thirty two cents (\$.32) per hour to forty five cents (\$.45) per hour. The shift differential for hours worked between 11:00 p.m. and 7:00 a.m. will increase from fifty two (\$.52) cents per hour to seventy five cents (\$.75) per hour. (The contract cost for shift differential is \$106,468.)

Effective with the start of the second year of the contract, time paid for the first court appearance will increase from three (3) hours to four (4) hours. (The contract cost for court time is \$237,291.)

Effective with the start of the third year of the contract, the City will implement a Quality of Life Program. The goal of the program is to improve the quality of life for our residents by training our police officers through a certification program which will include training on community policing, code compliance enforcement and homeless issues. Upon receiving their certification in the program, the officers will receive a supplement of fourteen dollars and forty cents (\$14.40) per pay period, which will increase to twenty eight dollars and eighty cents (\$28.80) per pay period, at the end of year three, should the program be successful, at the discretion of the City Manager. (The contract cost for the Quality of Life Program is \$131,414.)

COMMISSION MEMORANDUM
MARCH 17, 2004 COMMISSION MEETING
PAGE 3-

Based on current active employees, the estimated cost for the wage increase is approximately \$514,842 for Fiscal Year 2003/2004; approximately \$800,352 for Fiscal Year 2004/2005; and approximately \$1,068,640 for Fiscal Year 2005/2006.

Other Economic and Contractual Agreements

1. Amend the formula used for calculating the City's contribution to the Health Trust

The amount paid to the Health Trust, (Trust) will now be based on the Trust's actual claims experience, and not based on the City's Preferred Provider Organization (PPO) plan. Although the City's PPO plan increase has no correlation to the Trust's increase, the City is contractually bound by it. This contribution method ensures that the FOP Health Trust will be kept financially secure, while allowing the City contributions to reflect their actual premiums. Based on the experience over the past three years of the current contract, the new formula represents a savings of approximately \$600,000 for the new contract period.

2. Election of Remedies

The parties agreed that the grievance/arbitration process set forth in the Agreement, and the use of a Special Master shall be the methods available for resolving all grievances filed by the bargaining unit. The Personnel Board will no longer have jurisdiction to hear any grievances or appeals filed by FOP members.

3. FOP President

At present, the FOP President works full time in a Union capacity and is considered "detached", i.e. has no assigned duties. The contract allows the FOP President to make an election each year of the contract to either remain detached; or receive an annual time bank of fifteen hundred (1500) hours per year which can be used for Union business by the President or other designated FOP member. This would allow the President to return to his regular duties for a portion of the hours he works while allowing other members Union time.

4. Re-Openers

Effective January 1, 2006, the City reserves the right to re-open the article on Uniform cleaning allowance, and explore the possibility of a cleaning service in an effort to reduce costs to the City.

The Union reserves the right to re-open and resume discussion regarding the current calculation for overtime that is pensionable.

The FOP also reserves the right to a "me-too" with International Association of Firefighters (IAFF).

COMMISSION MEMORANDUM
MARCH 17, 2004 COMMISSION MEETING
PAGE 4 -

5. Buyback of Probationary Time

The parties have agreed to extend the buyback of probationary time up until the time of retirement with three percent (3%) interest per year. Prior to this agreement, employees had to utilize the buyback within six months of completing their probationary period.

6. Vacation Cap

There will be an addition of 100 vacation hours that can be accrued and paid out at the time of termination.

CONCLUSION:

The negotiated contract ensures that the City will meet its goals of continuing fiscal responsibility, hiring and retention of the best officers, maintaining the best pay and benefits available, while providing for an equitable contract for both the City and the FOP members. The Administration recommends that the Mayor and City Commission adopt the Resolution to implement the collective bargaining adjustments negotiated between the City of Miami Beach and Fraternal Order of Police (FOP) for the period covering October 1, 2003 through September 30, 2006.

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**CITY OF MIAMI BEACH
COMMISSION ITEM SUMMARY**



5

Condensed Title:

An Ordinance amending Ordinance No. 1605, the Unclassified Salary Ordinance, for Unclassified Employees; providing for a 3% salary increase and a 3% increase to the minimum and the maximum of the salary ranges effective May 3, 2004, and effective the first payroll period beginning on or after May 1, 2005; a 3.5% increase for all employees and a 3.5% increase to the minimum and maximum of the salary ranges effective the first payroll period beginning on or after May 1, 2006; and providing for a repealer, severability, effective date, and codification.

Issue:

Shall the City provide a classification and compensation system that is fair and externally competitive by amending the Unclassified Salary Ordinance to allow for COLA increases for Unclassified employees consistent with those negotiated for the classified employees covered by bargaining agreements?

Item Summary/Recommendation:

The Commission approved the Ordinance on first reading on April 14, 2004, and set a second reading, public hearing for May 5, 2004. The Administration recommends that the City Commission adopt the Ordinance.

Advisory Board Recommendation:

N/A

Financial Information:

Amount to be expended:

Sources of Funds:



Finance Dept.

	1-Year Cost	3-Year Cost	Account:	Approved
1	\$745,205	\$2,435,120	Budgeted in the various Departments	
2				
3				
4				
Total	\$745,205	\$2,435,120		

City Clerk's Office Legislative Tracking:

Sign-Offs:

Department Director	Assistant City Manager	City Manager
Mayra Diaz Butacayoli <i>Mayra Diaz Butacayoli</i>		<i>James</i>

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AGENDA ITEM

RSC

DATE

5-5-04

CITY OF MIAMI BEACH

CITY HALL 1700 CONVENTION CENTER DRIVE MIAMI BEACH, FLORIDA 33139
www.miamibeachfl.gov



COMMISSION MEMORANDUM

To: Mayor David Dermer and
Members of the City Commission

Date: May 5, 2004

From: Jorge M. Gonzalez
City Manager

SECOND READING
PUBLIC HEARING

Subject: **AN ORDINANCE OF THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, AMENDING ORDINANCE NO. 1605, THE UNCLASSIFIED EMPLOYEES SALARY ORDINANCE; PROVIDING FOR A 3% INCREASE FOR ALL UNCLASSIFIED EMPLOYEES AND A 3% INCREASE TO THE MINIMUM AND THE MAXIMUM OF THE SALARY RANGES EFFECTIVE MAY 3, 2004, AND EFFECTIVE THE FIRST PAYROLL PERIOD BEGINNING ON OR AFTER MAY 1, 2005; A 3.5% INCREASE FOR ALL UNCLASSIFIED EMPLOYEES AND A 3.5% INCREASE TO THE MINIMUM AND THE MAXIMUM OF THE SALARY RANGES EFFECTIVE THE FIRST PAYROLL PERIOD BEGINNING ON OR AFTER MAY 1, 2006; AND PROVIDING FOR A REPEALER, SEVERABILITY, EFFECTIVE DATE, AND CODIFICATION.**

ADMINISTRATION RECOMMENDATION

The Ordinance was approved on first reading on April 14, 2004. The Commission set a second reading, public hearing for May 5, 2004. The Administration recommends that the City Commission adopt the Ordinance on second reading.

ANALYSIS

This amendment, representing a Cost-of-Living Allowance (COLA), will increase the salary of each employee and the minimum and the maximum of the salary ranges by 3% for all Unclassified employees effective May 3, 2004, and the first payroll period beginning on or after May 1, 2005, and increase the salary of each employee and the minimum and the maximum of the salary ranges by 3.5% the first payroll period beginning on or after May 1, 2006. In previous years, the City has provided COLA increases for Unclassified employees consistent with those negotiated for the classified employees covered by bargaining agreements. The anticipated cost of the COLA for the three-year period is \$2,435,120.

CONCLUSION

By amending the Unclassified Salary Ordinance for Unclassified employees, the City will ensure that there is a classification and compensation system which is fair and externally competitive.

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ORDINANCE NO. 2004-3443

AN ORDINANCE OF THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, AMENDING ORDINANCE NO. 1605, THE UNCLASSIFIED EMPLOYEES SALARY ORDINANCE; PROVIDING FOR A 3% INCREASE FOR ALL UNCLASSIFIED EMPLOYEES AND A 3% INCREASE TO THE MINIMUM AND THE MAXIMUM OF THE SALARY RANGES EFFECTIVE MAY 3, 2004, AND EFFECTIVE THE FIRST PAYROLL PERIOD BEGINNING ON OR AFTER MAY 1, 2005; A 3.5% INCREASE FOR ALL UNCLASSIFIED EMPLOYEES AND A 3.5% INCREASE TO THE MINIMUM AND THE MAXIMUM OF THE SALARY RANGES EFFECTIVE THE FIRST PAYROLL PERIOD BEGINNING ON OR AFTER MAY 1, 2008; AND PROVIDING FOR A REPEALER, SEVERABILITY, EFFECTIVE DATE, AND CODIFICATION.

BE IT ORDAINED BY THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA:

SECTION 1: That the following lines of the Unclassified Salary Ordinance No. 1605 as heretofore amended shall be amended effective May 3, 2004 to read as follows:

PAY GRADES AND SALARIES

A. Salary Grades and Ranges

GRADE		MINIMUM		MAXIMUM
26	Determined by City Commission	Determined by City Commission		
25	\$117,467	<u>\$120,980</u>	\$180,804	<u>\$195,289</u>
24	\$108,035	<u>\$111,276</u>	\$174,488	<u>\$179,723</u>
23	\$99,424	<u>\$102,407</u>	\$160,670	<u>\$165,397</u>
22	\$91,600	<u>\$94,245</u>	\$147,781	<u>\$152,214</u>
21	\$84,206	<u>\$86,733</u>	\$136,002	<u>\$140,082</u>
20	\$77,405	<u>\$79,820</u>	\$125,161	<u>\$128,916</u>
19	\$71,318	<u>\$73,458</u>	\$115,183	<u>\$118,639</u>

18	\$65,633	<u>\$67,602</u>	\$106,004	<u>\$109,185</u>
17	\$60,401	<u>\$62,213</u>	\$97,555	<u>\$100,481</u>
16	\$55,357	<u>\$57,018</u>	\$89,778	<u>\$92,472</u>
15	\$51,153	<u>\$52,687</u>	\$82,624	<u>\$85,100</u>
14	\$47,079	<u>\$48,491</u>	\$76,036	<u>\$78,317</u>
13	\$43,327	<u>\$44,626</u>	\$69,976	<u>\$72,076</u>
12	\$39,873	<u>\$41,069</u>	\$64,397	<u>\$66,329</u>
11	\$36,694	<u>\$37,795</u>	\$59,264	<u>\$61,042</u>
10	\$33,769	<u>\$34,783</u>	\$54,540	<u>\$56,176</u>
9	\$31,078	<u>\$32,010</u>	\$50,195	<u>\$51,700</u>
8	\$28,601	<u>\$29,459</u>	\$46,193	<u>\$47,579</u>
7	\$26,321	<u>\$27,110</u>	\$42,511	<u>\$43,786</u>
6	\$24,223	<u>\$24,950</u>	\$39,123	<u>\$40,296</u>
5	\$22,293	<u>\$22,961</u>	\$36,003	<u>\$37,083</u>
4	\$20,516	<u>\$21,131</u>	\$33,135	<u>\$34,129</u>
3	\$18,880	<u>\$19,446</u>	\$30,494	<u>\$31,409</u>
2	\$17,376	<u>\$17,897</u>	\$28,063	<u>\$28,905</u>
1	\$15,991	<u>\$16,470</u>	\$25,826	<u>\$26,600</u>

shall be amended the first payroll period beginning on or after May 1, 2005, to read as follows:

	Determined by City Commission	Determined by City Commission	
26			
25	\$120,980	<u>\$124,610</u>	\$195,289
24	\$111,276	<u>\$114,614</u>	\$179,723
23	\$102,407	<u>\$105,479</u>	\$165,397
22	\$94,245	<u>\$97,072</u>	\$152,214
21	\$86,733	<u>\$89,335</u>	\$140,082
20	\$79,820	<u>\$82,214</u>	\$128,916
19	\$73,458	<u>\$75,661</u>	\$118,639
18	\$67,602	<u>\$69,630</u>	\$109,185
17	\$62,213	<u>\$64,079</u>	\$100,481
16	\$57,018	<u>\$58,729</u>	\$92,472
15	\$52,687	<u>\$54,268</u>	\$85,100
14	\$48,491	<u>\$49,946</u>	\$78,317
13	\$44,626	<u>\$45,965</u>	\$72,076
12	\$41,069	<u>\$42,301</u>	\$66,329
11	\$37,795	<u>\$38,929</u>	\$61,042
10	\$34,783	<u>\$35,826</u>	\$56,176
9	\$32,010	<u>\$32,971</u>	\$51,700

8	\$20,450	<u>\$30,343</u>	\$47,570	<u>\$49,007</u>
7	\$27,110	<u>\$27,924</u>	\$43,786	<u>\$45,100</u>
6	\$24,050	<u>\$25,699</u>	\$40,206	<u>\$41,505</u>
5	\$22,061	<u>\$23,650</u>	\$37,083	<u>\$38,196</u>
4	\$21,131	<u>\$21,765</u>	\$34,129	<u>\$35,153</u>
3	\$19,446	<u>\$20,030</u>	\$31,409	<u>\$32,351</u>
2	\$17,897	<u>\$18,434</u>	\$28,905	<u>\$29,772</u>
1	\$16,470	<u>\$16,965</u>	\$26,600	<u>\$27,398</u>

shall be amended the first payroll period beginning on or after May 1, 2006, to read as follows:

	Determined by City Commission	Determined by City Commission	
26			
25	\$124,610	<u>\$128,971</u>	\$201,147
24	\$114,614	<u>\$118,625</u>	\$185,114
23	\$105,479	<u>\$109,171</u>	\$170,359
22	\$97,072	<u>\$100,470</u>	\$158,780
21	\$89,335	<u>\$92,461</u>	\$144,285
20	\$82,214	<u>\$85,092</u>	\$132,783
19	\$75,661	<u>\$78,309</u>	\$122,198
18	\$69,630	<u>\$72,067</u>	\$112,460
17	\$64,079	<u>\$66,322</u>	\$103,496
16	\$58,729	<u>\$60,784</u>	\$95,246
15	\$54,268	<u>\$56,167</u>	\$87,653
14	\$49,946	<u>\$51,694</u>	\$80,667
13	\$45,965	<u>\$47,574</u>	\$74,238
12	\$42,304	<u>\$43,781</u>	\$68,319
11	\$38,029	<u>\$40,291</u>	\$62,874
10	\$35,826	<u>\$37,080</u>	\$57,861
9	\$32,971	<u>\$34,125</u>	\$53,251
8	\$30,343	<u>\$31,405</u>	\$49,007
7	\$27,924	<u>\$28,901</u>	\$45,100
6	\$25,699	<u>\$26,598</u>	\$41,505
5	\$23,650	<u>\$24,478</u>	\$38,196
4	\$21,765	<u>\$22,527</u>	\$35,153
3	\$20,030	<u>\$20,731</u>	\$32,351
2	\$18,434	<u>\$19,079</u>	\$29,772
1	\$16,965	<u>\$17,558</u>	\$27,398

SECTION 2: **REPEALER.**

That all ordinances or parts of ordinances in conflict herewith be and the same are hereby repealed.

SECTION 3: **SEVERABILITY.**

If any section, subsection, clause, or provision of this ordinance is held invalid, the remainder shall not be affected by such invalidity.

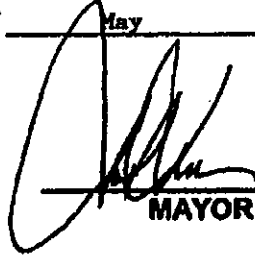
SECTION 4: **EFFECTIVE DATES.**

This Ordinance Amendment shall become effective May 3, 2004, and the first payroll periods beginning on or after May 1, 2005, and May 1, 2006, respectively.

SECTION 5: **CODIFICATION.**

It is the intention of the Mayor and City Commission of the City of Miami Beach, and it is hereby ordained that the provisions of this ordinance shall become and be made a part of the Code of the City of Miami Beach, Florida. The sections of this ordinance may be renumbered or relettered to accomplish such intention, and the word "ordinance" may be changed to "section", "article", or other appropriate word.

PASSED and ADOPTED this 5th day of May, 2004.



MAYOR

ATTEST:



CITY CLERK

APPROVED AS TO
FORM & LANGUAGE
& FOR EXECUTION

 4-8-04

City Attorney Date

Comparison of pre-7/1/76 Benefits

<u>Benefit</u>	<u>Fire & Police</u>	<u>CWA</u>
<u>Employee Contribution</u>	8%	6%
<u>Retirement Age & Yrs Srvc</u>	Age 50 & 15 Yrs Srvc	Lifeguards: Age 50 & 20 Yrs Srvc All others: 55/20; 56/17; 57/14; 58/11; 59/8; 60/5
<u>Pensionable Avg. Earnings</u>	2 Years	2 Years
<u>Benefit Rate</u>	3% for 20 yrs; 2.75% thereafter	2.75% for 20 yrs; 2.0% thereafter
<u>Maximum Pension</u>	85%	80%
<u>Service Disability</u>	75% Min.	75% Min.
<u>Survivor Pension</u>		
<u>In-service Death</u>	50% Max	40% Max
<u>Non-service Death</u>	50% Max	40% Max
<u>COLA</u>	2.0% compounded	1.5% non-compounded

Comparison of 7/1/76 Benefits

Benefit	Fire & Police	CWA
<u>Employee Contribution</u>	6%	5%
<u>Retirement Age & Yrs Srvc</u>	Age 55 & 10 Yrs Srvc	Lifeguards: Age 50 & 20 Yrs Srvc All others: Age 62 & 5 Yrs Srvc
<u>Pensionable Avg. Earnings</u>	3 Years	3 Years
<u>Benefit Rate</u>	2.50% for 25 yrs; 2.0% thereafter	2.25% for 25 yrs; 2.0% thereafter
<u>Maximum Pension</u>	80%	80%
<u>Service Disability</u>	75% Min.	75% Min.
<u>Survivor Pension</u>		
<u>In-service Death</u>	50% Max	40% Max
<u>Non-service Death</u>	50% Max	40% Max
<u>COLA</u>	2.0% compounded	1.5% non-compounded

1989 & 1990 Major Benefit Improvements

Benefit	Fire & Police - 10/1/89	CWA - 10/1/90
<u>Employee Contribution</u>	10%	8%
<u>Retirement Age & Yrs Srvc</u>	Age 50	Age 50 & 5 YOS
<u>Pensionable Avg. Earnings</u>	2 Years	2 Years
<u>Benefit Rate</u>	3.0% for 15 yrs; 4.0% thereafter	3.0% for 15 yrs; 4.0% thereafter
<u>Maximum Pension</u>	90%	90%
<u>Form of Payment</u>	75% joint & survivor annuity	50% joint & survivor annuity
<u>Service Disability</u>	85% Min.	75% Min.
<u>Survivor Pension</u>	85% Min	40% Max
<u>In-service Death</u>	75% Max	40% Max
<u>Non-service Death</u>		
<u>COLA</u>	2.5% compounded	1.5% non-compounded

1993 & 1994 Plan A Benefits

Benefit	Fire & Police - 5/19/93	CWA - 2/14/94 (Imposed)
<u>Employee Contribution</u>	10%	10%
<u>Retirement Age & Yrs Srvc</u>	Age 50	Age 50 & 5 Yrs Srvc
<u>Pensionable Avg. Earnings</u>	2 Years	2 Years
<u>Benefit Rate</u>	3.0% for 15 yrs; 4.0% thereafter	3.0% for 15 yrs; 4.0% thereafter
<u>Maximum Pension</u>	90%	90%
<u>Form of Payment</u>	75% joint & survivor annuity	50% joint & survivor annuity
<u>Service Disability</u>	85% Min.	75% Min.
<u>Survivor Pension</u>	85% Min	40% Max
<u>In-service Death</u>	75% Max	40% Max
<u>Non-service Death</u>		
<u>COLA</u>	2.5% compounded	1.5% non-compounded

1993 & 1994 Plan B Benefits

<u>Benefit</u>	<u>Fire & Police - 5/19/93 (1)</u>	<u>CWA - 2/14/94 (Imposed)</u>
<u>Employee Contribution</u>	10%	10%
<u>Retirement Age & Yrs Srvc</u>	Age 55 & 10 Yrs Srvc	Age 60 & 10 Yrs Srvc
<u>Pensionable Avg. Earnings</u>	3 Years	3 Years
<u>Benefit Rate</u>	3.00%	3.00%
<u>Maximum Pension</u>	80%	80%
<u>Form of Payment</u>	50% joint & survivor annuity	50% joint & survivor annuity
<u>Service Disability</u>	75% Min.	60% Min.
<u>Survivor Pension</u>		
<u>In-service Death</u>	85% Min	40% Max
<u>Non-service Death</u>	50%	50%
<u>COLA</u>	1.5% non-compounded	1.5% non-compounded

(1) Fire & Police Plan B merged with improved Plan A benefits effective 9/30/2000.

**CWA & Fire and Police Employees
Pension Contributions & Benefit History**

CWA Employee			Fire and Police Employee		
Year	Employee Contribution	Benefits Improved or Reduced	Year	Employee Contribution	Benefits Improved or Reduced
Pre 1976	6%		Pre 1976	8%	
7/1/1976	5%	Reduced	7/1/1976	6%	Reduced
10/1/1990	8%	Improved	10/1/1989	10%	Improved
2/14/1994	10%	Reduced	5/19/1993	10%	Reduced
10/1/2000	10%	COLA Improved	10/1/1998	10%	Improved - better than 1989
			Nov. 2003	10%	Improved - better than 1989

Difference in Current Benefits

<u>Benefit</u>	<u>Fire & Police - 10/1/98</u>	<u>CWA Plan A (38%)</u>	<u>CWA Plan B (62%)</u>
<u>Employee Contribution</u>	10%	10%	10%
<u>Retirement Age & Yrs Srv</u>	Age 50 or Rule of 70	Age 50 & 5 Yrs Srv	Age 60 & 10 Yrs Srv
<u>Pensionable Avg. Earnings</u>	2 Years	2 Years	3 Years
<u>Benefit Rate</u>	3.0% for 15 yrs; 4.0% thereafter	3.0% for 15 yrs; 4.0% thereafter	3.00%
<u>Maximum Pension</u>	90%	90%	80%
<u>Form of Payment</u>	Actuarial equivalent of a 10 Year Certain & Life option (1)	50% joint & survivor annuity	50% joint & survivor annuity
<u>Service Disability</u>	85% Min.	75% Min.	60% Min.
<u>Survivor Pension</u>	85% Min.	40% Max	40% Max
<u>In-service Death</u>	75% Min.	50%	50%
<u>Non-service Death</u>	2.5% compounded	2.5% compounded (2)	2.5% compounded (2)
<u>COLA</u>			
<u>DROP</u>	3 Year	None	None

(1) Firefighters & Police Officers improved Form of Benefit paid with F.S. Chapter 175 & 185 funds

(2) COLA changed to 2.5% compounded 10/1/2000.

Fiscal Year 2007 Cost Impact

Benefit Improvement	Cost
Plan B merge to Plan A	783,663
DROP	68,267
2 Yr Buy Back	401,840
401 Member Merge	118,396
Post Retirement Survivor Benefit	474,000
Early Retirement Incentive	356,000
Disability & Preretire Death Improvement	26,000
Benefit Sum Adjustment	29,834
Total Increase	2,258,000

FY 2007 City Contribution

FY 2006 City Contribution	3,825,990
FY 2007 Benefit Improvement	2,258,000
FY 2007 City Contribution	6,083,990

Percent of Total Fund Payroll	19.04%
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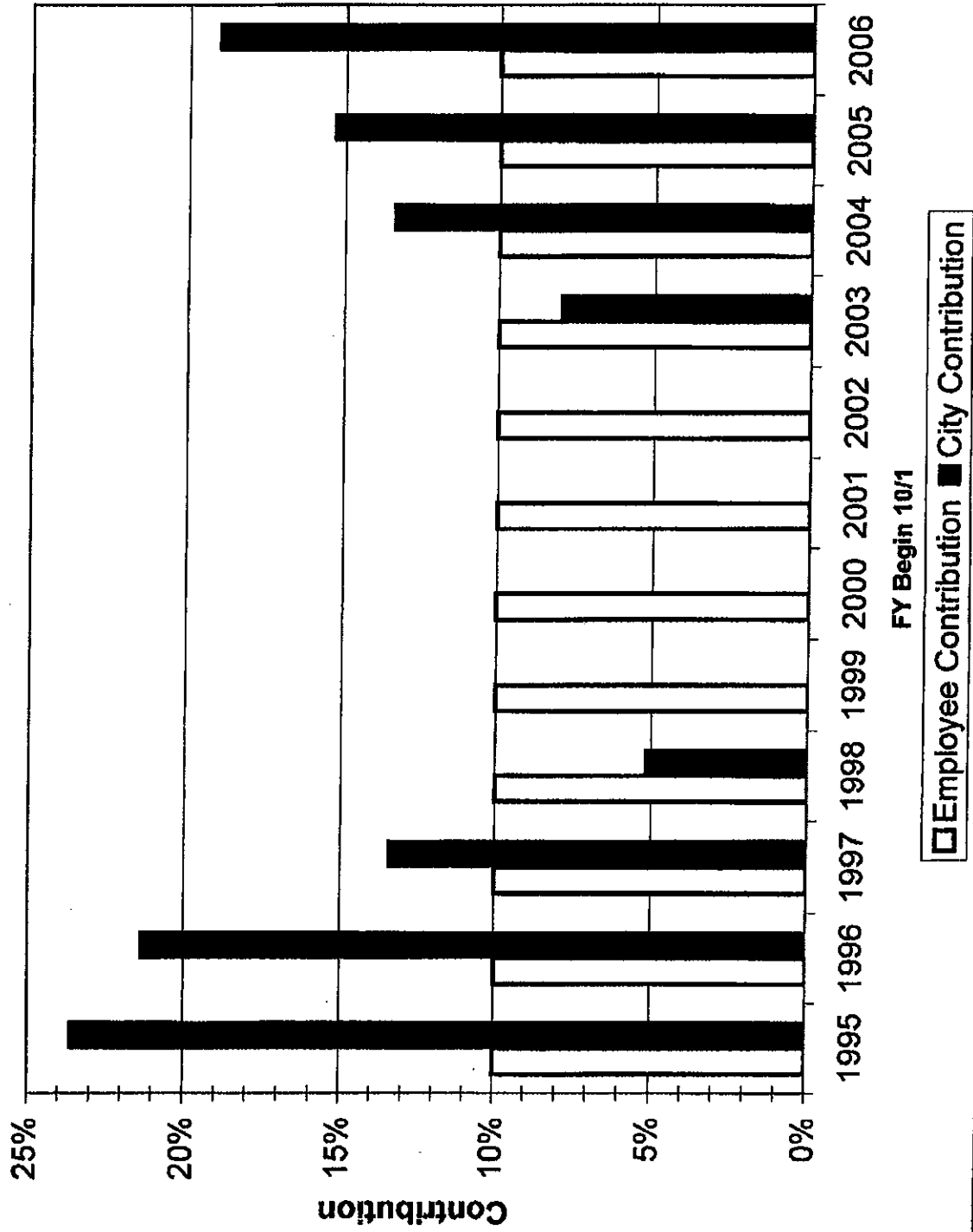
Total Fund Payroll with 401 employees	31,946,000
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General Employees
Pension and Social Security Contribution
Fiscal Year Ending 9/30/05

	<u>Employer Contribution</u>		
	<u>Pension</u>	<u>SS</u>	<u>Total</u>
Coral Gables	41.68%	6.20%	47.88%
Miami	26.87%	6.20%	33.07%
Hialeah	24.61%	6.20%	30.81%
North Miami	22.63%	6.20%	28.83%
Hollywood	22.13%	6.20%	28.33%
Ft. Lauderdale	21.99%	6.20%	28.19%
Sunrise	15.11%	6.20%	21.31%
Miami-Dade County Broward County	11.17%	6.20%	17.37%
Miami Beach	13.41%	0.00%	13.41%

Miami Beach - Pension Contribution for fiscal year ending 9/30/06 = 15.35%
 Broward & Miami-Dade counties participate in FRS. County Pension Contribution Rate as of 7/1/05= 11.17%

Historical Contributions



Estimated Value of the Return of the Imposed 2% Contribution plus interest

FY Beginning	Annual Payroll	Imposed 2% Contribution	Balance Owed	Statutory Interest	Interest Amount	Balance Forward
10/1/1997	18,548,261	370,965	370,965	10%	37,097	408,062
10/1/1998	19,446,949	388,939	797,001	10%	79,700	876,701
10/1/1999	19,137,108	382,742	1,259,443	10%	125,944	1,385,387
10/1/2000	19,363,474	387,269	1,772,657	10%	177,266	1,949,922
10/1/2001	19,522,628	390,453	2,340,375	11%	257,441	2,597,816
10/1/2002	20,597,181	411,944	3,009,760	9%	270,878	3,280,638
10/1/2003	22,653,708	453,074	3,733,712	6%	224,023	3,957,735
10/1/2004	25,850,078	517,002	4,474,737	7%	313,232	4,787,968
10/1/2005	24,930,999	498,620	5,286,588	7%	370,061	5,656,649
10/1/2006	31,946,000	638,920	6,295,569	7%	440,690	6,736,259

7

CITY OF MIAMI BEACH RETIREMENT SYSTEMS

(dollars in thousands)

Plan General Employees Retirement System

Subgroup Affected CWA

Proposed Changes (a) Tier B to Tier A but no overtime for Tier B; (b) add DROP; (c) add 2 year buy-back (member pays 10% of salary for each year); (d) 401A members join Plan with their account balances but no overtime.

	Before	After	Increase (Decrease)
Annual Plan Payroll	\$ 24,931	\$ 28,502	\$ 3,571
Annual Subgroup Payroll	13,074	16,645	3,571
Total Non P&F Payroll	54,170	54,170	0
PVB for Actives	128,748	154,149	25,401
PVB for Inactives	170,307	170,307	0
Total PVB	299,055	324,456	25,401
Actuarial Accrued Liability (AAL)	262,533	285,841	23,308
Assets	238,555	244,172	7,617
Unfunded AAL (UAAL)	25,978	41,669	15,691
(1) Annual Payment on UAAL	970	2,316	1,346
Normal (Current Service) Cost	5,049	5,866	817
Expected Employee Contributions	2,493	2,850	357
(2) Employer Normal Cost	2,556	3,016	460
Required City Contribution (RCC): [(1) + (2)] plus interest for one year	3,826	6,184	1,959
Reduction in City Contr. To 401A Plan			(357)
Net RCC			1,602
Net RCC as % of Subgroup Payroll			9.62%

CITY OF MIAMI BEACH RETIREMENT SYSTEMS

Plan General Employees Retirement System

Subgroup Affected All members of System

Proposed Changes (a) Tier B to Tier A but no overtime for Tier B; (b) add DROP; (c) add 2 year buy-back (member pays 10% of salary for each year); (d) 401A members join Plan with their account balances but no overtime.

	Before	After	Increase (Decrease)
Annual Plan Payroll	\$ 24,931	\$ 31,946	\$ 7,015
Annual Subgroup Payroll	24,931	31,946	7,015
Total Non P&F Payroll	54,170	54,170	0
PVB for Actives	128,748	178,353	47,605
PVB for Inactives	170,307	170,307	0
Total PVB	299,055	346,660	47,605
Actuarial Accrued Liability (AAL)	262,533	304,573	42,040
Assets	236,555	251,537	14,982
Unfunded AAL (UAAL)	25,978	53,036	27,058
(1) Annual Payment on UAAL	970	3,291	2,321
Normal (Current Service) Cost	5,049	6,793	1,744
Expected Employee Contributions	2,493	3,194	701
(2) Employer Normal Cost	2,556	3,599	1,043
Required City Contribution (RCC): [(1) + (2)] plus interest for one year	3,826	7,475	3,649
Reduction in City Contrl. To 401A Plan			(702)
Net RCC			2,947
Net RCC as % of Subgroup Payroll			9.23%

CITY OF MIAMI BEACH RETIREMENT SYSTEMS

Plan **Unclassified Retirement System**

Subgroup Affected	All members of System
--------------------------	-----------------------

Proposed Changes (a) Tier B to Tier A; (b) add DROP; (c) add 2 year buy-back (member pays 10% of salary for each year); (d) 401A members join Plan with their account balances.

	Before	After	Increase (Decrease)
Annual Plan Payroll	\$ 9,688	\$ 22,224	\$ 12,536
Annual Subgroup Payroll	9,688	22,224	12,536
Total Non P&F Payroll	54,170	54,170	0
PVB for Actives	44,720	91,488	46,768
PVB for Inactives	57,126	57,126	0
Total PVB	101,846	148,614	46,768
Actuarial Accrued Liability (AAL)	89,572	122,511	32,939
Assets	84,180	102,452	18,272
Unfunded AAL (UAAL)	5,392	20,059	14,667
(1) Annual Payment on UAAL	486	1,796	1,310
Normal (Current Service) Cost	2,019	4,791	2,772
Expected Employee Contributions	969	2,222	1,253
(2) Employer Normal Cost	1,050	2,569	1,519
Required City Contribution (RCC): [(1) + (2)] plus interest for one year	1,674	4,758	3,083
Reduction in City Contrib. To 401A Plan			(1,254)
Net RCC			1,829
Net RCC as % of Subgroup Payroll			8.23%

CITY OF MIAMI BEACH RETIREMENT SYSTEMS

(dollars in thousands)

Plan General and Unclassified Retirement Systems

Subgroup Affected All Non P&F Employees

Proposed Changes (a) Tier B to Tier A but no overtime for Tier B; (b) add DROP; (c) add 2 year buy-back (member pays 10% of salary for each year); (d) 401A members join Plan with their account balances but no overtime.

	Before	After	Increase (Decrease)
Annual Plan Payroll	\$ 34,619	\$ 54,170	\$ 19,551
Annual Subgroup Payroll	34,619	54,170	19,551
Total Non P&F Payroll	54,170	54,170	0
PVB for Actives	173,468	267,841	94,373
PVB for Inactives	227,433	227,433	0
Total PVB	400,901	495,274	94,373
Actuarial Accrued Liability (AAL)	352,105	427,084	74,979
Assets	320,735	353,989	33,254
Unfunded AAL (UAAL)	31,370	73,095	41,725
(1) Annual Payment on UAAL	1,456	5,087	3,631
Normal (Current Service) Cost	7,068	11,584	4,516
Expected Employee Contributions	3,462	5,416	1,954
(2) Employer Normal Cost	3,606	6,168	2,562
Required City Contribution (RCC): [(1) + (2)] plus interest for one year	5,500	12,233	6,733
Reduction in City Contr. To 401A Plan			(1,956)
Net RCC			4,777
Net RCC as % of Subgroup Payroll			8.82%

CWA/Tri-County League of Cities Salary Comparison

Classification	# of employees in classification	CWA Salary Minimum *	CWA Salary Maximum *	CWA Actual Average Salary	Tri-County Average Salary Minimum	Tri-County Average Salary Maximum	(+/-) minimum	(+/-) maximum
Pool Guard ¹	10	\$30,270	\$39,879	\$34,094	\$22,302	\$31,729	36%	26%
Pool Guard II	3	\$32,114	\$43,133	\$42,580				
Lifeguard I ²	39	\$32,113	\$43,133	\$39,222	\$25,032	\$33,604	26%	28%
Lifeguard II	16	\$34,144	\$50,460	\$49,990				
Lifeguard Lieutenant	5	\$39,879	\$54,578	\$54,578				
Air Conditioning Mechanic	3	\$37,028	\$51,694	\$49,526	\$30,380	\$45,132	22%	15%
Parking Enforcement Specialist ³	35	\$29,230	\$38,139	\$34,404	\$24,075	\$34,127	21%	12%
Dispatcher	14	\$33,866	\$45,955	\$43,127	\$28,426	\$40,049	19%	15%
Clerk Typist	20	\$25,214	\$32,899	\$30,249	\$21,138	\$30,138	19%	9%
Administrative Aide I	29	\$27,552	\$35,949	\$35,197				
Administrative Aide II	20	\$31,010	\$40,854	\$39,088				
Administrative Secretary	5	\$31,010	\$40,854	\$39,033	\$26,381	\$37,959	18%	8%
Planning Technician	2	\$35,949	\$49,706	\$47,392	\$31,009	\$44,652	16%	11%
Painter	10	\$31,010	\$40,854	\$38,492	\$26,836	\$38,059	16%	7%
Communications Operator	15	\$31,940	\$42,488	\$38,864	\$27,687	\$39,769	15%	7%
Complaint Operator II	10	\$32,899	\$44,188	\$42,333				
Account Clerk I ⁵	6	\$27,552	\$35,949	\$31,969	\$24,098	\$34,641	14%	4%
Account Clerk II	2	\$30,107	\$39,283	\$38,596				
Account Clerk III	2	\$31,940	\$42,488	\$37,431				
Finance Specialist I ⁴	5	\$31,010	\$40,854	\$36,221	\$27,300	\$39,305	14%	4%
Finance Specialist II	6	\$32,899	\$44,188	\$38,198				
Finance Specialist III	8	\$34,902	\$47,794	\$43,053				
Public Safety Specialist	11	\$29,230	\$38,139	\$36,004	\$25,427	\$35,020	14%	5%
Code Compliance Officer II	14	\$33,866	\$45,955	\$40,805	\$30,220	\$43,788	12%	7%
Engineering Inspector	4	\$42,488	\$60,474	\$47,794	\$37,843	\$54,783	12%	10%
Permit Clerk I	3	\$27,552	\$35,949	\$33,469	\$24,713	\$35,209	12%	2%
Electrician	11	\$37,028	\$51,694	\$47,091	\$33,392	\$48,352	11%	5%
Engineer Assistant III	1	\$37,028	\$51,694	\$44,188	\$33,609	\$47,376	10%	9%
Property/Evidence Technician I	9	\$30,107	\$39,283	\$36,772	\$27,413	\$38,908	10%	1%
Building Inspector	5	\$42,488	\$60,474	\$46,415	\$39,717	\$57,390	7%	5%
Electrical Inspector	3	\$42,488	\$60,474	\$54,836	\$40,014	\$56,091	6%	8%
Mechanical Inspector	2	\$42,488	\$60,474	\$47,794	\$42,113	\$60,132	1%	1%
Total (compared to bargaining unit)	328	76%						

¹ Pool Guard has a promotional opportunity - Pool Guard II

² Lifeguard has a promotional opportunity - Lifeguard II & Lieutenant

³ Parking Enforcement Specialist has a promotional opportunity - PES II

⁴ Finance Specialist has a promotional opportunity - Finance Specialist II & III

⁵ Account Clerk has a promotional opportunity - Account Clerk II & III



September 1, 2005

Richard Schell
Gallagher Benefits
2255 Glades Road Suite #400E
Boca Raton, FL 33431

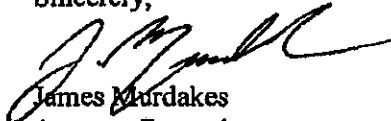
RE: City of Miami Beach – 2006 Renewal

Dear Richard:

As you know the initial renewal action from Humana to the City of Miami Beach was an increase of 14.01% with either a 10/1/05 or 01/01/2006 effective date. After heavy concessions were made by Humana the renewal was negotiated down to 8.9%. Our underwriters have recently reviewed the City's claims and recalculated the renewal based on today's claims experience and rating for the 3 month extension of the current rates through 12/31/05. The renewal action today would be 16.34% for a 01/01/2006 effective date. If the City's current membership were to should drop more than 10% Humana reserves the right to recalculate the renewal.

Please do not hesitate to contact me should you have further questions.

Sincerely,



James Murdakes
Account Executive

September 6, 2005

Richard G. Schell
Area Vice President
Gallagher Benefit Services, Inc.
2255 Glades Road, Suite 400E
Boca Raton, FL 33431

RE: City of Miami Beach

Dear Richard,

This letter will address the inquiry made by Frank Cascone relative to our ability to provide a UnitedHealthcare proposal for your client, City of Miami Beach.

In speaking with our underwriting department about the group, we would be happy to take a look at quoting the active population. However, our internal guidelines for fully insured business prevent us from pursuing groups where the percentage of retirees exceeds 10% of the overall eligible population. Our sister organization, Ovations, does focus on the needs of the retiree population and we are happy to coordinate a referral should you choose to go this route.

If you see the potential for us (UHC) to quote the active population, we are agreeable to doing so. However, we are not able to provide a single offering for the active/retirees through my team.

Please feel free to contact me with questions or comments.

Sincerely,

Gregory D. Reidy
Vice President

Cc: D. Rosenthal
F. Cascone



**BlueCross BlueShield
of Florida**

An Independent Licensee of the
Blue Cross and Blue Shield Association

September 2, 2005

Ms. Colleen Ramos
A.J. Gallagher Benefits
One Boca Place
2255 Glades Road
Boca Raton, FL 33431

Dear Ms. Ramos:

Thank you for the opportunity to review your request for proposal for your client, The City of Miami Beach. Blue Cross Blue Shield of Florida is very interested in delivering high quality, family of products to the public sector.

Unfortunately, after analyzing the bid request, BCBSF, unfortunately, must decline to quote. The reason that we will be declining is due to our fully insured underwriting restriction, where we have a maximum of a 15% tolerance for retiree enrollment.

However, in the event that the City would consider a self-insured arrangement, BCBSF would be able to develop a response to that request for proposal.

Again, we greatly appreciate the opportunity.

Best regards,

Maribeth Grokhowsky, RHU
Strategic Account Executive

Cc: Richard Schell, A.J. Gallagher

SOUTH FLORIDA REGION

☐ 8400 NW 33rd Street • Suite 100
Miami, FL 33122-1932
Telephone 305-591-9955
1-800-955-7835

☐ 3303 W. Commercial Blvd. • Suite 190
Ft. Lauderdale, FL 33309-3444
Telephone 954-735-4673
1-800-955-7835
Sue Taylor: extension 43651

☐ 770 Northpoint Pkwy • Suite 200
West Palm Beach, FL 33407
Telephone 1-800-955-7835

☐ 900 E. Prima Vista Blvd.
Port St. Lucie, FL 34962
Telephone 1-800-955-7835

Independent Licensees of the Blue Cross and Blue Shield Association.

Lynne Swift
National Account Executive
1500 Sawgrass Corporate Parkway
Sunrise, Fl 33323
954.693.7591 (tel)
954.693.7540 (fax)

A

September 7, 2005

Colleen Ramos
Account Coordinator
Gallagher Benefit Services, Inc.
2755 Glades Road, Suite 400 E
Boca Raton, Fl 33431

Re: City of Miami Beach

Dear Colleen:

Regarding your request to evaluate CIGNA's ability to respond to a potential bid for the City of Miami Beach if the Retiree population exceeds the number of Active participants, CIGNA's standard underwriting guideline for a fully-insured quote, requires no more than 20% of the enrolled population be retirees. Based on the information you provided in an email dated September 2, 2005, the enrollment, as described in your email, would fall outside CIGNA's underwriting guidelines.

We would be happy to evaluate a self-funded quote based on the City's demographics.

Please let me know if I can be of any additional help in your evaluation.

Sincerely,

Lynne Swift



Odie W. Pansius
Aetna
8201 Peters Road
Suite 2001
Plantation, Florida 33324

September 6, 2005

Richard Schell
Gallagher Consulting

Subject: City of Miami Beach

Dear Mr. Schell:

In regard to your inquiry related to quoting the City of Miami Beach with the covered eligible membership being:

Estimated total eligible:	2,835
Estimated total active covered:	564
Estimated total retirees covered:	606
Estimated total covered:	1,170

We respectfully decline. Our standard underwriting guidelines for this market prohibits us from quoting cases with over 15% of the enrolled membership being retirees.

If you have any further questions or concerns please do not hesitate to contact me.

Sincerely,

Odie W. Pansius
Sales Vice President
National Accounts



James Murdakes
<jmurdakes@humana.
com>

To: Richard_Schell@ajg.com
cc:
Subject: Re: Miami Beach

03/10/2005 04:13 PM

I was speaking to my underwriter..... we don't like to quote on groups that have much more than 15% retiree's. So to answer your question we would not quote on this as new business.

Jim Murdakes
Account Executive
Humana
3401 SW 160 Avenue, 2nd Floor
Miramar, FL 33027
Phone (305) 626-5231
Fax (305) 370-6354
email: JMurdakes@humana.com

Richard_Schell@ajg.com
03/10/05 03:28 PM

To
James Murdakes <jmurdakes@humana.com>
cc

Subject
Miami Beach

Jim,

If Humana received an RFP from Miami Beach as a new piece of business, would your underwriting guidelines generate a no quote response?

Thanks! I hate to ask, how are the renewals coming?

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Area Vice President
Phone: 561-998-6733
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Public Employer Pension Comparison

Public Employer	Annual Multiplier	Maximum Comparable % Benefit	Vesting	Retiree COLA	Retirement Age	Employee payroll contribution	Retiree Health Benefits
Miami Beach Bifurcation Dates AFSCME 4/30/93 CWA 2/21/94 OTHERS 8/1/93 GSA 8/1/93	Tier A - 15yrs @ 3% 4% until max Tier B - all years at 3%	90% max benefit - Tier A 80% max benefit - Tier B Employee works 26.25 years 26.6 years To achieve 80% benefit 80% benefit	Tier A - 5 years Tier B - 10 years step vesting (10% per yr)	2.5% compounded	Tier A - Age 50 Tier B - Age 60	10%	City pays 50% (retirees & dependents) Employee eligibility - 401A - immediate (except AFSCME & GSA are 10 yrs) Pension - at retirement age
Miami	3% for all years of service	100% max benefit To achieve 90% benefit 30 years Employee works If employee worked 26.25 yrs, benefit would be 76.75%	10 years	4% - simple	Rule of 70 (age + years of service)	10%	City pays 25% for employee & spouse Emp. eligible - at retirement age
Sunrise	4% (1-10 yrs) (plus 1% @ 10 th yr = 41% - 10 yrs) 2% 11 th yr until max (plus 1% at 20 th yr = 62% - 20 yrs)	100% max benefit Employee works 34 years To achieve 90% benefit If employee worked 26.25 yrs, benefit would be 74.5%	5 years	No COLA - receive a 1 st check. As of 10/04 - guarantee can be no less than 50% As of 10/07 - 1 st check is a 75% guarantee	Age 58 w/ 5 yrs of srv. Age 55 early (penalty)	5% (unless City's contributions exceeds 14% of payroll, then employees pay 50% of all excess over 14%)	City provides a flat \$200 per month for health insurance (nothing additional for dependents).
Hialeah	3% for all years of service	75% (max benefit) Employee works 25 years To achieve 75% benefit If employee worked 26.25 yrs, benefit would be 78.75% (maxed at 75%)	10 years	2% (up to 10 years, then no COLA) - Simple	Rule of 70	7%	City pays 100% for employee and between 15%-17% for family Emp. eligible - retirement age
Hollywood	3% for all years of service	81% max benefit Employee works 27 years To achieve 81% benefit If employee worked 26.25 yrs, benefit would be 78.75%	5 years	2% per year starting on third year of retirement anniversary - compounded	55 w/ 5 yrs of srv. Or 25 yrs regardless of age	7%	Before 1987 - no contribution After 1987, City pays 100% for employee and \$0 for dependents Emp. eligible - retirement age
North Miami	3% for all years of service	100% max benefit To achieve Employee works 30 years 80% benefit If employee worked 26.25 yrs, benefit would be 76.75%	10 years step vesting step vesting (10% per yr)	1.2% to 3% If an emp waits 1 yr - 1.2% If an emp waits 3 yrs - 2.5% If an emp waits 5 yrs - 3% Compounded	Age 55 with 20 years of srv or Age 62 w/ 10 yrs of srv. Early retirement - Age 55 and 10 yrs of srv or date when you complete 14 yrs of srv.	7%	City does not contribute, employee covers 100% of insurance cost

Public Employer Pension Comparison

Public Employer	Annual Multiplier	Maximum Comparable % Benefit	Vesting	Retiree COLA	Retirement Age	Employee payroll contribution	Retiree Health Benefits
Port Lauderdale	3% for first 25 years, 2.5% for next 6 yrs, max of 31 yrs.	90% max benefit <u>Employee works</u> To achieve 31 years 90% benefit If employee worked 28.25 yrs, benefit would be 78.125%	5 years	Vary from year to year (adjustments are made on a yr to yr basis with a recommendation from the pension board based on increases above & beyond the actuarial rate) compounded (last increase record 2001 - 3.5%)	Age 55 or 30 yrs of service	6%	Before Oct. 2002, City provides \$150/mo to employee After Oct. 2002, City provides \$200/mo to employee (nothing additional for dependents). Emp. eligible at retirement age.
Coral Gables	3% for all years of service	75% (max benefit) <u>To achieve</u> <u>Employee works</u> 75% benefit 25 years If employee worked 28.25 yrs, benefit would be 78.75% (maxed at 75%)	10 years	Rate of plan return must be at least 10% for a retiree COLA. Retiree COLA changes year to year, simple based on CPI - 1.2% (L.Y)	Rule of 70	5%	City does not contribute, employee covers 100% of insurance cost.
North Miami	3% for all years of service	100% max benefit <u>To achieve</u> <u>Employee works</u> 90% benefit 30 years If employee worked 28.25 yrs, benefit would be 78.75%	10 years step vesting step vesting (10% per yr)	1.2% to 3% If an emp waits 1 yr - 1.2% If an emp waits 3 yrs - 2.5% If an emp waits 5 yrs - 3% Compounded	Age 55 with 20 years of svr or Age 62 w/ 10 yrs of svr. Early retirement - Age 55 and 10 yrs of svr or date when you complete 14 yrs of svr.	7%	City does not contribute, employee covers 100% of insurance cost.
Broward County (FRS)	1.80% for all years (=) 48% @ 30 yrs)	100% max benefit Earn 1.80%/yr up to age 62 or 30 yrs svr. <u>To achieve</u> <u>Employee works</u> 90% benefit 55 years If employee worked 28.25 yrs, benefit would be 42%	6 years	3% - simple	Age 62 or 30 years of service regardless of age	0%	County does not contribute, employee covers 100% of insurance cost. *FRS provides a Health Insurance Subsidy (HIS) if eligible for health coverage. Maximum \$150/mo. Employee must apply within 6 months of retirement.
Miami-Dade County (FRS)	1.80% for all years (=) 48% @ 30 yrs)	100% max benefit Earn 1.80%/yr up to age 62 or 30 yrs svr. <u>To achieve</u> <u>Employee works</u> 90% benefit 55 years If employee worked 28.25 yrs, benefit would be 42%	6 years	3% - simple	Age 62 or 30 years of service regardless of age	0%	County does not contribute, employee covers 100% of insurance cost. *FRS provides a Health Insurance Subsidy (HIS) if eligible for health coverage. Maximum \$150/mo. Employee must apply within 6 months of retirement.

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ATTENDANCE SHEET MEETING OF THE FINANCE AND CITYWIDE PROJECTS COMMISSION COMMITTEE

DATE: - SEPTEMBER 14, 2005 TIME: - 2:30 PM

PLEASE STATE YOUR NAME WHEN SPEAKING TO THE COMMITTEE - THANK YOU

PLEASE PRINT NAME	BUSINESS NAME & PHONE
ERIC YUHR	FD - 305.673.7120
Ed DeFavero	Fire 7120
Clinton Dupree	P/W STREET
MARC JACOBSON	BAC
Jerry Buechler	Health Insurance Service Inc.
Donald Papy	Chief Dep. City Attorney X7470
JUAN ANDRES PEREZ	C.W.A.
STEVE PALMQUIST	GRS & CO.
Joe McManus	CWA 954 791 7524
Joseph Fisher	C.W.A. 786 457 7746
Dolores M. Mejia	Mayor & Comm. / ext. 6834
JONATHAN SINKES	CWA 786-426-5714
Jose Cruz	OBPI X 6224
WARREN GREEN	C.W.A - 305-673-7750
JOHN HEFFERNAN	MAYOR & COMM. 6437
Margarita Alon	Mayor & Comm. 6437
Dennis Ward	D. Ward P.A. 305 812 6072

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ATTENDANCE SHEET MEETING OF THE FINANCE AND CITYWIDE PROJECTS COMMISSION COMMITTEE

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PLEASE STATE YOUR NAME WHEN SPEAKING TO THE COMMITTEE - THANK YOU

PLEASE PRINT NAME	BUSINESS NAME & PHONE
Michael Reyes	Labor Relations - x 6654
Linda Gonzalez	" " x 6111
RICHARD SCHELL	GALLAGHER BENEFIT SERVICES, INC.
Paul T. Repen J	ASE (305) 982 5543
Mathi Bader	CMB
Richard Steinberg	CMB
RAMIRO INGUANZO	CMB x 7010
JOSE SMITH	CMB
Simon Cruz	CMB
MANNY MARQUEZ	CMB - FIN. DEPT. x6383
JORGE M. GONZALEZ	CMB-CMO
LUIS R. GARCIA	CMB - COMM.
SAUL GROSS	CMB - COMM.
RICHARD MCKINNON	CWA - LOCAL 3178 - PRES.
ROBERT A. SUGARMAN	ATTORNEY CWA
LARRY JESSUP	CWA